



Item 11

Proposed Financial Policies

November 17, 2025, MPWMD Finance/Admin Committee
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Purpose


- Meet District Strategic Objectives
 - Protect, Enhance & Maintain District's Financial Health
 - Manage financial obligations, risks, and liabilities
- Updated Government Code Requirements
- Standards of Performance (GFOA Code of Ethics #5 Reliability & Consistency)
 - Develop strong financial policies: Financial policies provide the “rules of the road” and a standard of performance against which the community can judge its finances.

Proposed Policies

Policies

- Reserves Policy
 - Pension/OPEB Strategies
 - Unclaimed Monies Policy
 - Budget Policy
 - Debt Management Policy
- } Goal #5 – Strategic Priority
- } Financial Operations
- } GC 8855

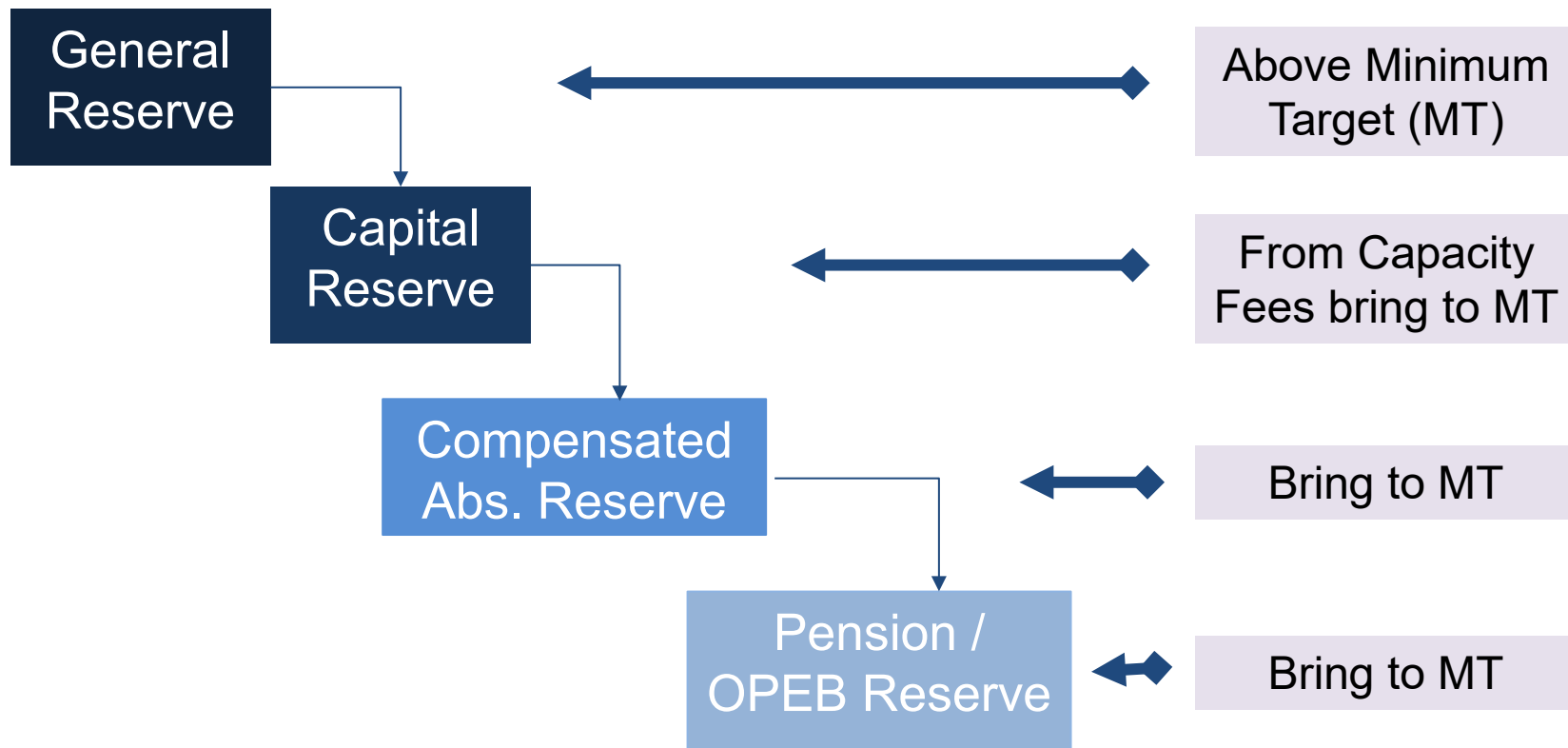
Reserve Policy

A vertical photograph of a river with white water rapids and green foliage on the banks is positioned on the left side of the slide.

<u>Reserve Type</u>	<u>Minimum Target</u>
1.General	Six month of operations + expected payout
2.Asset Replacement	Asset cost spread over depreciable life
3.Debt	One year of debt payment or bond covenants
4. Pension	Meet funded ratio
5. OPEB	Meet funded ratio
6. Flood/Drought	No minimum - Budgeted
7. Capital Project	No minimum - Budgeted
8. Compensated Abs. (CA)	25% of CA liability
9. Rate Stabilization	No minimum – Future Budgeted
Litigation	Removed

Reserve Policy

Assignment of Reserves from Excess General Reserve



Pension/OPEB Strategies

- Target Funded Ratios
- Section 115 Trust
- Accelerated Payments/POBs

Operationalizing Case Study

Reserves Policy					Pension/OPEB strategies		
Reserves	Est. Balance 06/30/2025	Liability/ Expense (2024)	Minimum Target	Assignments	Section 115	Current Funding ratio	Future Funding ratio
3a Pension Reserve	\$700,000	7,591,672	5,503,128	\$667,846	1,367,846	75%	77%
3b OPEB Reserve	\$700,000	5,222,313	4,177,850	\$667,846	1,367,846	13%	26%
1 Compensated Absences	\$250,000	250,000	250,000	\$250,000			
Asset Replacement Reserve	\$1,938,100	2,325,720	1,938,100	Budgeted			
Debt Reserve	-	none	none	Budgeted			
General Reserve	\$21,300,000	19,000,000	19,000,000	(\$2,300,000)			
Flood/Drought Reserve	\$500,000	unknown	none	Budgeted			
2 Capital Project Reserve	-	964,309	964,309	\$964,309			
Rate Stabilization Reserve	-	Future	Future	Budgeted			
Total	\$25,388,100	35,104,014	\$31,833,388	\$250,000			


Unclaimed Monies Policy

- Vendors: Reclaim outstanding/uncollected payments after the Dormancy period and due diligence
- Rebates: Reclaim after one year of outstanding uncollected payment

Outstanding Checks

Item Date	Reference	Item Type	Description	Amount
06/14/2012	10810	Check	Monterey County Records Office	-43.00
06/14/2012	10813	Check	Monterey County Records Office	-18.00
01/30/2013	11997	Check	Delores Cofer MED PREM REIMBUR	-329.00
01/30/2013	12017	Check	SPTech Con 2013 SF CONF	-1,295.00
02/06/2013	12042	Check	ATandT 659 1438	-47.09
02/21/2013	12212	Check	Robert Branson	-600.00
03/11/2013	12385	Check	Ronald Guess	-125.00
05/21/2013	13363	Check	Rebecca Alderson	-500.00
07/25/2013	14124	Check	STEVE FOX	-178.00
08/19/2013	14380	Check	DONALD K TATUM	-200.00
08/19/2013	14469	Check	Mary Klotz	-625.00
08/21/2013	14551	Check	Estate of Raymond Bickel III	-57.00
01/03/2014	15933	Check	JEFF FRYE	-200.00
01/29/2014	16133	Check	California Dept. of Fish & Wildlife	-245.50
09/22/2014	19254	Check	RICHARD & MARILYN BLOOM	-500.00
01/16/2015	20671	Check	John Woytak	-50.00
01/16/2015	20717	Check	LOWELL & HILLERI KEELY	-50.00
01/16/2015	20793	Check	Quality Inn Monterey	-100.00
09/04/2015	23195	Check	JOHN HENDRY & LORI A HARRODS	-125.00
12/09/2015	24080	Check	CRAIG NOFZIGER	-100.00
12/09/2015	24140	Check	MARLENE FANSLER	-500.00
03/25/2016	25352	Check	Rose Keane	-125.00

Budget Policy

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- Level of Budgetary Control
 - Adopt a Balanced Budget
 - Seek outside funding sources
 - Recover Cost of Service
 - Invest in projects meeting strategic priorities
 - Minimize adverse effects on service levels
 - Minimize negative environmental impacts

Debt Management Policy

- Demonstrate commitment to long-term capital and financial planning.
- Federal and State guidelines
- CDIAC Requirement (GC 8855): Adopt local debt policies with provisions below:
 - Purpose(s) for which the debt proceeds may be used
 - Types of debt that may be issued
 - Relationship/integration of debt with the issuer's capital improvement program or budget (if applicable)
 - Policy goals related to the issuer's planning goals and objectives
 - Internal control procedures so that debt proceeds will be directed to the intended use

Debt Management Policy

- **Purpose:** Debt will be issued for a capital project only when:
 - The magnitude of costs justifies debt financing, and the project meets a critical need
 - A secure revenue source is identified to repay the debt, and when it is an appropriate means to achieve a fair allocation of costs between current and future beneficiaries
- **Criteria:** Long-term capital improvement projects
 - Useful life exceeds the term of the financing
 - The project revenues or identified revenue sources are sufficient to service the long-term debt.
- **Attention to Creditworthiness:** Investment Grade or better
- **Debt limits:** GO < 15% of assessed property values; no balloon payments
- **Reporting & Controls:**
 - SEC – Disclosure Requirements (Rule 15c2-12)
 - IRS – Debt Transcripts and Arbitrate Review
 - CDAIC Reporting
 - Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) Reporting

Recommendation

- Adopt Proposed financial policies